

**SENATOR CHUCK GRASSLEY**  
**OPENING STATEMENT**

**"Inviting Fraud: Has the Social Security Administration Allowed Some Payees to Deceive the Elderly and Disabled?"**

Tuesday, May 2, 2000

I want to thank my fellow Members for attending this very important hearing. I am sure you agree that it is important for the Special Committee on Aging to conduct oversight of the Social Security Administration.

Today, the Committee will examine the misuse of benefits by those serving our most vulnerable citizens -- the elderly and the disabled. Hundreds of these individuals have lost their benefits to bad actors. Many more are potential victims. That's because the Social Security Administration may not be doing enough to protect them.

What is the situation? As the first chart shows, 49 million Americans receive Social Security and Supplemental Security Income benefits. The chart notes 45 million, but that is an old number. Of those, about 6.5 million people need help managing their money. For those folks, the Social Security Administration appoints someone to manage their benefits. The managers are called "representative payees." Most of the time, the payees are family members and friends. But some beneficiaries don't have anyone who will serve in this capacity. In those cases, the Social Security Administration appoints an organization to handle their benefit checks. The next chart shows that more than 750,570 beneficiaries have an organization handling their monthly checks. These organizations include social service agencies, banks and hospitals.

The majority of these organizations provide much-needed help to beneficiaries without abusing their responsibility. However, the Social Security Administration's Office of the Inspector General has recently investigated several instances of misuse:

(1) A payee in West Virginia pleaded guilty just a few weeks ago to using his clients' benefits for his own purposes. This man, Greg Gamble, agreed to pay back \$303,314. One of his victims will testify today about the hardship she endured at his hands.

(2) A payee will tell us how she embezzled money from her disabled clients in Washington state. She agreed to pay back \$31,757. She has come from prison to testify today.

(3) A payee serving 320 beneficiaries in Phoenix and Denver agreed to pay back \$274,000. She used that money for a car down payment, home furnishings, and art work.

There may be more horror stories to come. The Inspector General expects the number of abuse cases to increase as the Social Security Administration increases its review of payee records.

The abuses are completely unacceptable. First, the victims here have fixed incomes. They rely on a monthly benefit check to pay the rent and buy their groceries. If their money disappears, they suffer. They may end up hungry and homeless. We'll hear a devastating story along these lines from one of our witnesses. Second, this is taxpayer money. Working Americans pay into Social Security. Their money is intended to serve them when they can't work any more. Stealing Social Security benefits is stealing from the taxpayers.

Senator Breaux and I want to nip these abuses in the bud, before baby boomers start retiring in a few

short years. We have introduced S. 2477, the *Social Security Beneficiaries Protection Act*. This bill would require greater accountability from organizations that handle Social Security benefits. It would restore benefits to wronged beneficiaries more quickly.

Before I introduce the witnesses, I want to thank Senator Breaux for his support of this investigation and co-sponsorship of this legislation and yield to him for an opening statement.